

2004-06 Tuition Guidelines

Action: The staff recommends that the council approve the 2004-06 Tuition Guidelines.

The council staff, in consultation with institutional staff, reviewed the tuition guidelines approved by the council at its May 2001 meeting for use in the 2002-04 funding recommendation process. The staff proposes that the 2002-04 guidelines, updated to reflect the appropriate dates, be used in the 2004-06 funding recommendation process. The draft guidelines are attached ([Attachment A](#)). Each institution will establish its own 2004-06 tuition rates consistent with guidelines approved by the council.

As part of the benchmark funding model, tuition and fees revenue per student is deducted from total public funds per student for each benchmark and Kentucky institution to determine state appropriation need per student for each Kentucky university and the KCTCS. The 2002-04 guidelines included a standard deduction of 30 percent for the KCTCS, Lexington Community College, and Kentucky State University and a 37 percent deduction for the other universities in the benchmark funding model calculation. The council staff recommends that these standards be maintained for the 2004-06 calculation.

The benchmark funding model, including the tuition revenue deduction, was first used to develop the council's 2000-02 operating recommendation for the institutions. At this time tuition setting authority was delegated to the institutions with the understanding that the institutions would set tuition rates within a set of guidelines approved by the council. The institutions are to report their estimated biennial tuition rates to the council in September of each odd-numbered year. It also was requested that any changes in rates that may occur over the biennium be reported.

Tuition rates for 2002-04 were set by the institutions based on the guidelines approved in May 2001. Since that time there have been reductions in state General Fund support for the institutions, details about which were provided to the council at previous meetings. Consequently, the institutions revised

their 2002-03 tuition rates (details of the revisions were provided at the November 2002 meeting) and, due to further reductions included in House Bill 269, some of the institutions have increased 2003-04 tuition rates beyond levels previously reported.

[Attachment B](#) beginning on page 36 details the changes in 2003-04 rates for each institution. The dollar and percentage increases shown are the 2003-04 rates as compared to 2002-03. At the full-time undergraduate resident level, the increases range from \$184 per semester at UofL (a 9 percent increase) to \$180 per semester at the KCTCS (a 23.4 percent increase). These increases will provide new funds ranging from \$3.8 million at Morehead State University to \$18.2 million at the University of Kentucky (including LCC).

Justification for tuition increases provided by the institutions include the following rationale (see [Attachment C](#) on page 44 for institutional detail):

- Replace reductions in state funding.
- Offset investment losses.
- Cover increases in fixed operating expenses (utilities, liability insurance, etc.).
- Fund increases in employee health insurance and pay increases.
- Continue the current level of student services.
- Increase need-based financial aid to offset tuition increases.
- Sustain quality of academic programs.